Task Force on the Future of the Canadian Financial Services Sector

Corporate Banking Relationships in Canada: The CFO View

by
The Conference Board of Canada

September 1998

Research Paper Prepared for the Task Force on the Future of the Canadian Financial Services Sector

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The views expressed in these research papers are those of the authors and do not necessarily reflect the views of the Task Force on the Future of the Canadian Financial Services Sector

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What's Inside

The traditional one-on-one relationship between large corporations and their banker no longer exists.

Canadian banks continue to dominate the corporate banking market in Canada, but are seen as minor players internationally.

While stable and reliable, Canadian banks are also seen as being slow to introduce new technology.

Most corporations are opposed to mergers among Canadian banks, but are split on allowing mergers between Canadian and foreign banks.

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Introduction

The relationship between a bank and its corporate customers is a subtle one. At the same time, a corporation needs the financial expertise and access to services and funding sources that a close relationship with a bank can represent, while needing to retain a substantial degree of freedom of maneuver. As Canadian corporations increasingly take advantage of the opportunities presented by a globalized economy, having a strong relationship with a bank capable of providing services and advice on a global basis becomes a significant competitive advantage.

This paper outlines the views of senior financial officers in Canada's largest corporations on their banking relationships, explores how these CFO's view the performance of Canadian banks, both at home and abroad, and looks at whether these views lead them to have strong feelings about the current ownership structure of Canadian banks. The paper is based on a survey of the CFO's of 37 of Canada's largest corporations[1] and a subsequent small focus group of selected CFO's who were asked to expand on some of the survey responses.

Overview of Results

The day of the unique, one-on-one relationship between a corporation and its bank is clearly over. The results of the survey and the focus group suggest that corporations maintain a business relationship with a sizable number of banks, and choose their banks partly on the basis of the products and services in which they are competitive, as well as a number of other criteria. Interlocking directorships between banks and corporations do not have a significant impact on decisions about where to place the corporation's business. Several CFO's noted that there is a link between the banks that a corporation uses for credit based products and fee based services. However, overall more than half of the respondents to the survey regularly dealt with four or more banks.

The corporations do not feel restricted to Canadian banks; Schedule 2 banks have made inroads in a number of product areas, particularly in high margin areas where they can lever off the expertise of the parent bank. However, the link between credit products and fee based services probably limits the ability of Schedule 2 banks to penetrate these markets further. Although the smaller corporations have a somewhat greater tendency to restrict their business to a shorter list of banks, the traditional banking relationship is not much stronger with this group than with the larger groups. Canadian subsidiaries of foreign firms also tend to spread their business across several banks, although to a somewhat lesser extent than the Canadians firms.

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[1] The survey covered 37 corporations which have average annual revenues of over $3.5 billion, many with foreign operations. Although the resulting sample is smaller than is desirable for statistical interpretation (especially in some of the detailed questions on foreign banking operations, where many of the respondents did not have the direct knowledge necessary to answer fully), the results do represent a sizable part of the possible large corporate respondents in Canada and do contain useful information on the views of senior corporate financial officials. See appendix 1 for a description of the survey.

Although the banking sector has many of the trappings of being a truly globalized business, the evidence from this survey suggests strongly that banks retain a strong competitive advantage (at least in the corporate banking area) when they are operating in their home market. This theme was repeated in a number of different ways in both the survey and the focus group session. In the survey responses, Canadian banks clearly dominated most of the business areas within Canada, but were relatively weak performers when facing competition from local banks in those banks' home market. The survey results (which were supported by the discussions in the focus group) highlight the importance of a national banking networks as a competitive edge. Once outside Canada, where Canadian banks are usually not full service providers, they are significantly less competitive. Some CFO's drew a contrast to US banks (which, they said, are prepared to follow their customers into every part of the world).

Canadian banks were also criticized in both the survey and the focus group for their slowness in introducing new and innovative technologies in areas ranging from specialized products to electronic processing. Several CFO's noted that Canadian banks were once leaders in product-technology intensive areas such as euromarkets, but had been overtaken by banks from Asia and elsewhere. Domestically, the banks were specifically criticized for being too paper intensive. It was noted by some CFO's that the banks have not invested heavily in new processing technology over the past decade and that at least two big banks are still using 1960's era batch processing technology.

In the focus group, CFO's noted a reluctance on the part of the banks to do anything which would strengthen the public perception that banking is a high profit oligopoly, including cooperating in developing new technologies. They felt that this was a serious mistake.

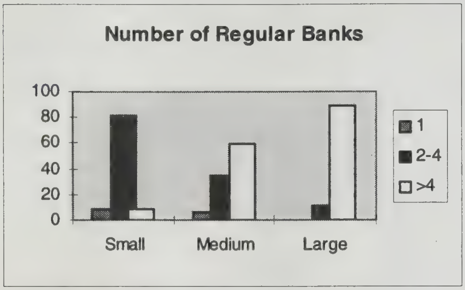
Most CFO's were not enthusiastic about mergers, either among the Canadian banks or with Canadian banks and foreign banks. Although there was strong support for mergers with US banks from the largest corporations, there was opposition from the smaller corporations. In the focus group, it was pointed out that this didn't imply opposition to acquisitions and alliances which improved market access in other countries, such as some Canadian banks are pursuing in the USA and Latin America.

Some CFO's took the acquisition of the investment dealers by the banks in the late 1980's as an example of the "false sense of euphoria" that comes from merging two large well-known institutions. They felt that there had been few results in terms of enhanced services or consumer benefits. They noted that the resulting reduction in the number of independent players was a reason for turning to Schedule 2 or foreign banks for some services/products.

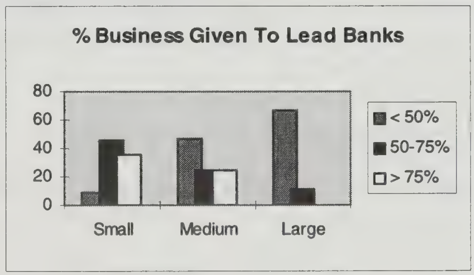
Detailed Survey Results

a) General Corporate Banking Relationships

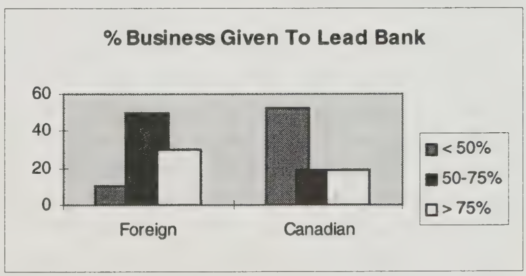
Overall, Canadian corporations showed a strong tendency to spread their business across several banks. Only 5% of the respondents said that they restricted their banking relationships to one bank and all of these corporations were the small or medium sized entities. The number of banks used is strongly correlated with size, only 9% of the smaller corporations used more than 4 banks, but 89% of the larger corporations used more than banks. For the foreign subsidiary break-out, the results were similar, 80% of respondents used 2 to 4 banks, the remaining 20% used more than banks.



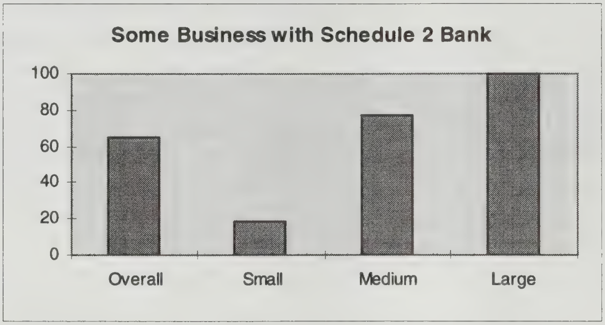
The same result held in terms of the percentage of corporate business which goes to the lead bank. Of the smaller respondents, 36% gave more than 75% of their business to their lead bank, while only 9% gave less than half the business to that bank. Conversely, for large corporations, 67% gave less than half their business to one bank, while none gave more than 75% to that bank.



The foreign subsidiaries concentrate their business to a greater extent than Canadian owned corporations, 80% give more than 50% of their business to one bank. The comparable number for the Canadian owned corporations was 37%.



Although none of the corporations considered a Schedule 2 bank or a foreign bank to be their lead bank, almost two thirds of the corporations did at least some business with Schedule 2 banks. Again this result was strongly correlated with size, only 18% of the smaller respondents used a Schedule 2 bank while all the larger respondents did business with a Schedule 2. Similarly, most of the larger corporations did significant business with foreign banks (78%) while this was relatively rare amongst the smaller respondents (18%). Interestingly, foreign subsidiaries are less likely to do significant business with Schedule 2 banks (50%) or with foreign banks (40%) than the Canadian corporations, overall.



b) Banking Products and Services

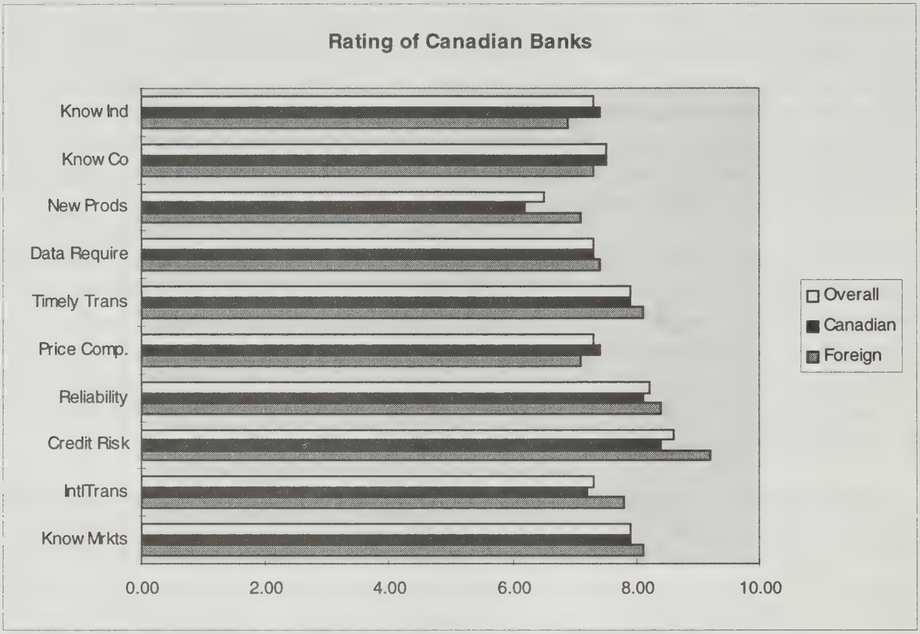
While the overall banking relationship questions suggested that Canadian banks have maintained their dominant position as suppliers of banking services to this high priority group of customers, the survey also probed for a more detailed description of which banks the corporations used for specific types of banking services. The survey broke the banking services into product based services and advisory services.

Within Canada, the picture was fairly uniform, with Canadian banks dominating the business in product based and advisory services, both overall and when broken down by size and by Canadian/foreign subsidiary. Within the products, the provision of financial risk management products (swaps, options, etc.) appears to be the main area where Schedule 2 banks have captured a part of the business. This is an area where there has been a significant amount of product innovation and financial engineering over the last 15 years, so the result is consistent with a later question in which the Canadian banks were given a relatively low rating on their ability to introduce innovative products. Presumably the Schedule 2 banks are able to gain market share by introducing innovative products developed by their foreign parents. Conversely, Schedule 2 banks had very low penetration rates in the credit, cash management, and funding products area, where the size of a financial institution's capital base plays an important role in their ability to take on business.

Outside Canada, where there is competition from international banks and banks resident in the foreign markets, the situation was reversed with Canadian banks being largely non-players in credit and funding products. The relative weakness of Canadian banks in the financial risk management area within Canada translates into no significant business with this survey group outside Canada. The only area where Canadian banks made a showing in business outside Canada was in the product area of accounts and transfers, and the related cash management services, particularly for the largest corporations.

For the banking services area, the picture was very similar, with Canadian banks dominating the business inside Canada and being minor suppliers to large Canadian entities outside Canada. Interestingly, while Canadian corporations turned to Schedule 2 banks inside Canada if they were seeking advice on accessing foreign markets, no foreign subsidiary said they consulted Schedule 2 banks for advice on foreign markets. Presumably Canadian entities use Schedule 2 banks as a conduit to tap into the expertise of the parent bank or financial institution, while the subsidiaries can do this directly through their parent.

In terms of grading the various products and services provided by the Canadian banks, there was little difference discernible among the respondents based on size, although there were a number of places where the foreign subsidiaries gave significantly different scores than their Canadian counterparts. Not surprisingly, Canadian banks were not considered to be risky counterparts from a credit point of view, receiving an overall average rating of 8.6 out of a possible 10. In most of the other areas, Canadian banks were given 7 to 8 out of 10, a respectable if not enthusiastic endorsement. As noted above, the weakest area proved to be in the introduction of new and/or innovative products where Canadian banks received an overall rating of only 6.5 out of 10. The Canadian owned corporations gave an average response of 6.2 to this question while the foreign subsidiaries were less critical, giving an average rating of 7.1. Foreign subsidiaries also gave a higher rating to the Canadian banks for their financial stability (an average of 9.2 vs. 8.4 for the Canadian owned respondents) and, interestingly, for their ability to do international transactions (7.8 vs 7.2).



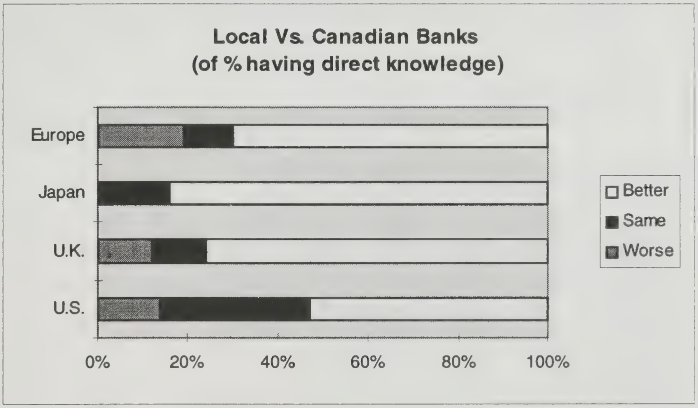
c) Competitiveness of Canadian Banks

This section of the questionnaire sought to identify the competitiveness of Canadian banks with respect to their international competitors. Respondents were asked to rank foreign banks with respect to Canadian banks operating in those same markets, on their ability and willingness to provide banking services to Canadian corporations. Since banks resident in a country usually have certain built-in advantages in doing business in that country (an expectation that was amply borne out in the performance of the Canadian banks within Canada), the international competition was divided into two groups, banks resident in the country/area in question and banks that, like the Canadian banks, were from another geographic location (i.e.: how do Canadian banks perform against US banks operating in Europe?).

Local banks operating in their home markets were generally rated overall as being more competitive that Canadian banks. In the USA, the smaller corporations find local banks to be the same or worse than Canadian banks in that market (presumably reflecting a lack of interest on the part of US banks in dealing with smaller Canadian corporations in this market). For the medium and larger respondents, US banks were consistently ranked as equal to or, usually, better than Canadian banks for operations in the US market. When broken down by Canadian or foreign subsidiary, most of the subsidiaries (the majority of which are subsidiaries of US companies) rated the relationship the other way around, with Canadian banks being seen as being as good or better than the US banks, in the US market. In fact, participants at the focus group meeting voiced a certain amount of frustration about the willingness of their parent companies to even consider a Canadian bank for operations in the USA, even when the Canadian bank was

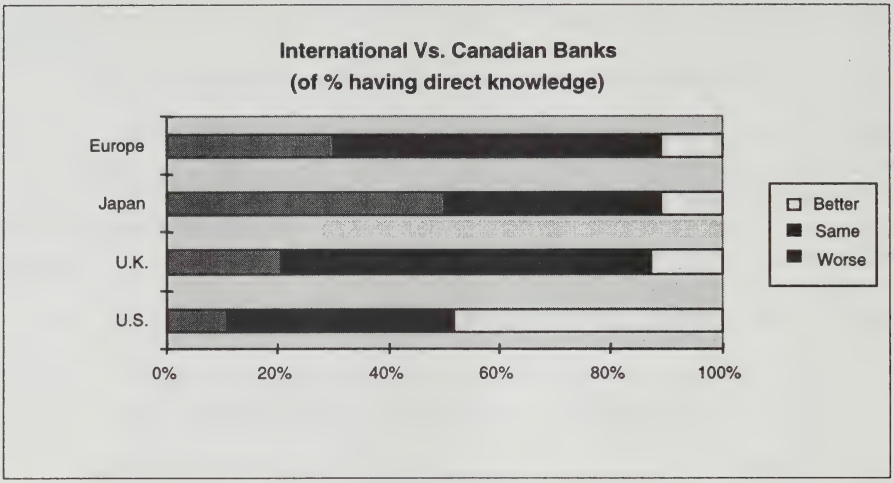
considered (by the subsidiary) as clearly superior. As a result of the views of the smaller corporations and the foreign subsidiaries (which did not, as a rule respond to the questions about banks outside North America), Canadian banks did somewhat better against local banks in the United States than against local banks in other parts of the world.

Outside of North America, respondents were asked to evaluate the local banks in the UK, Japan, continental Europe, and all other areas. The smaller respondents had little experience with banking services in these areas and even the medium or larger corporations had less direct knowledge. However, among the medium and large corporations that could respond, the local banks were given an overwhelming rating of being better than Canadian banks in these countries. The subsidiaries as a rule did not have the direct knowledge to rank Canadian banks in markets outside North America.



On a more level playing field, ie: against banks that were also operating outside their home market, Canadian banks did much better. Canadian banks consistently were ranked as equal to or better than banks based in the UK, continental Europe or Japan, when they competed in third countries. However, Canadian banks did not do well against the major US banks in this third country competition. Approximately half of those who had direct knowledge felt that the US banks were superior to Canadian banks, and the majority of the rest ranked them as equal. Very few gave the Canadian banks a superior ranking against the international US banks. While US based banks did relatively poorly with the smaller Canadian corporations, they were consistently ranked as equal to or better than Canadian banks by the medium and larger corporations. The focus group pointed out that, of the 10 or 12 truly global banks, most were based in the US, a few in other countries, none in Canada.

Very few respondents gave foreign banks operating in Canada a rating of being better than Canadian banks, and most found them to be worse. This is true across the size and Canadian/ subsidiary breakdowns.



d) Banking Relationships and Size

Given the public discussion of the need for Canadian banks to be larger in order to meet the international competition, the survey sought to explore the views of CFO's on the relationship between the size of a bank and its ability to provide a competitive product or service. Four aspects of the relationship between size and competitiveness were identified: the possibility that overall size was a competitive factor in its own right; the possibility that it was necessary to attain a "critical mass" in a specific product or service area to be competitive; the possibility that size is not relevant and that specialized knowledge is the deciding factor; and finally the possibility that overall size is a negative factor.

Very few of the respondents felt that size was a negative element in the provision of competitive products and services.

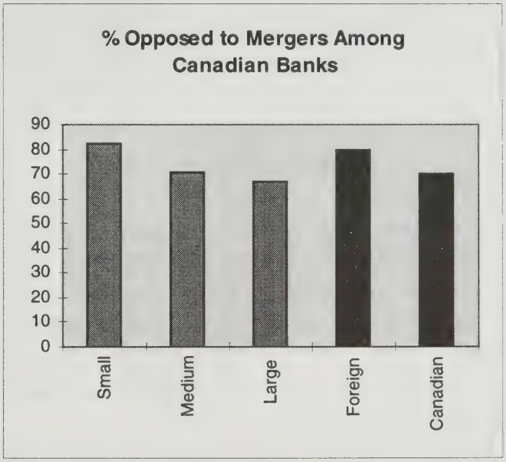
While almost never a dominant response, overall size was seen as important by a number of respondents, especially in the areas of accounts and payments, credit products (loans etc.), and in financing products (products in which a bank intermediates direct access to capital markets). It was noted in the written comments of some respondents that overall size means a higher capital base and banks are limited in the percent of their capital base that can be exposed to the counterparty risk of any one borrower. Thus a larger bank can more easily undertake larger loans or market intermediation. Large corporations, for example, rated overall size as the most important element in bank performance in the credit products area.

Most responses identified critical mass or specialized knowledge as being the important factors in providing a competitive product or service. Generally, while critical mass was seen to be most important for the traditional banking services of accounts and credit and financing products, specialized knowledge was more often seen as being the important factor for the advisory and fee based services. In fact, the focus group pointed out that the availability of certain individuals at a

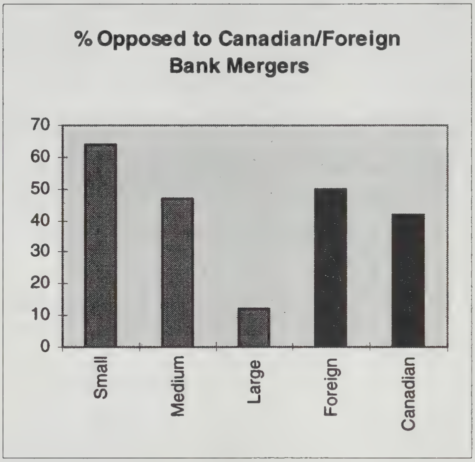
bank is often as important to the decision of where to do certain types of specialized business as the identity of the bank that he/she is working for.

There was a difference of opinion between medium and large Canadian corporations, on the one side, and the smaller Canadian corporations and the foreign subsidiaries on the other regarding the impact of size on ability to provide products related to funding directly in the marketplace (bankers acceptances, commercial paper, etc.). While the medium and large Canadian corporations said that critical mass was the most important element, the smaller Canadian corporations felt that overall size was the important element while the foreign subsidiaries were almost evenly split between overall size, critical mass, and specialized knowledge.

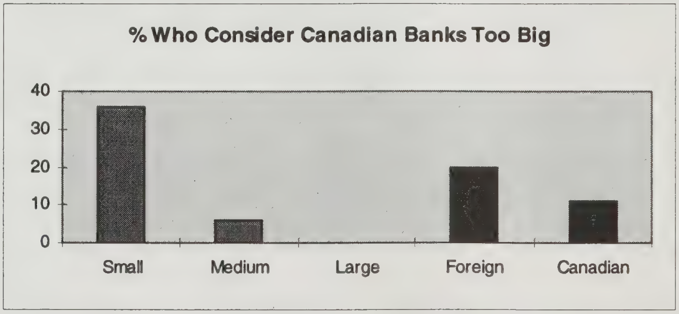
On the question of mergers, the respondents voted three to one (overall) against allowing mergers amongst Canadian banks. Although all the size groups generally opposed such a merger, there was a correlation between the size of the corporation and the numbers who voted against all Canadian mergers. Over 80% of the smaller corporations are opposed to a merger among Canadian banks, while only two thirds of the larger companies opposed such mergers.



Overall, the respondents to the survey were in favour of allowing mergers of Canadian banks and foreign banks by a slight margin (56% in favour, 44% opposed). However, here there is a clear division by size with 64% of the smaller corporations opposed such mergers, compared to 47% of mid-sized corporations, and 12% of the larger. Foreign subsidiaries were slightly less enthusiastic than the Canadian corporations overall, being evenly split at 50-50.

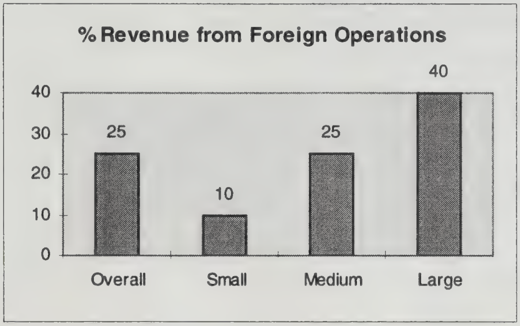


Generally, there was little support for the thesis that Canadian banks are already too big. Only 14% of overall respondents felt that this was the case and all these responses were by corporations in the small and medium size category. The foreign subsidiaries are slightly more likely than the Canadian corporations to think that the Canadian banks are already too big.

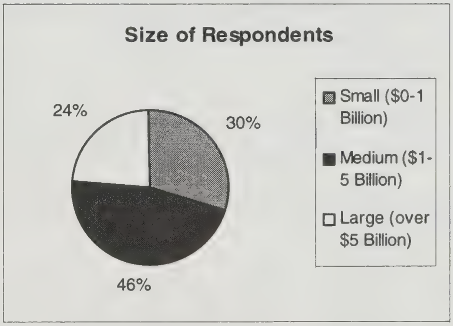


Appendix 1: The Survey

The survey was sent to the CFO's of 121 major Canadian companies and institutions. Of these, 37 gave detailed replies, representing a cross section of Canadian private and public sector corporations. The private sector corporations included manufacturing, resource based, and service companies. Overall, the average annual sales revenue of the respondents was $3.5 billion, with 25% of these revenues coming from foreign operations. The average corporation had production facilities in 3 countries (aside from Canada) direct sales subsidiaries in 3 countries, and sales operations carried out through intermediaries in 6 countries. Roughly a quarter (10 companies), were the Canadian subsidiaries of foreign corporations. The average annual revenue of the foreign subsidiaries was slightly less than the average for Canadian owned corporations, at $3 billion.



Given the range in the size of the respondents, (from under $100 million in annual sales to over $20 billion), analysis of the survey results was done both on the overall results and on the responses from the smaller (under $1 billion in annual sales), medium ($1-5 billion), and larger (over $5 billion) respondents. Analysis is also done on a Canadian owned and foreign subsidiary basis.



The results of the survey itself were supplemented by a focus group meeting with a selection of the CFO's on June 10, 1997. At that time, CFO's were asked to expand on the reasons for their responses in a number of areas, and to provide qualifications and nuances as they saw fit.

Table 1
Corporate Banking Relationships: All Responses[2]

General Company Information[3]

1. What is the approximate annual revenue of your company? **$ 3.54 billion**
2. What percent of your annual revenue originates from operations outside Canada? **25%**
3. In how many countries (other than Canada) do you have operations?

a) production	**2.4**
b) Directly owned sales/distribution	**3.3**
c) Sales/distribution through intermediaries	**5.9**

Banking Relationships

4. How many banks do you deal with on a regular basis?	1	**5%**
	2-4	**43%**
	more than 4	**53%**
5. If 2 or more, approximately what percentage of your overall corporate business goes to your lead bank?	less than 50%	**41%**
	50-75%	**27%**
	more than 75%	**22%**
6. Do you do business in Canada with a Schedule 2 (foreign owned) bank?	Yes	**65%**
	No	**35%**
7. Do you do significant business with banks located outside Canada?	Yes	**43%**
	No	**57%**
8. Do you consider a non-Canadian owned bank (either Schedule 2 or located outside Canada) to be your lead bank?	Yes	**0%**
	no	**100%**

[2] 37 responses
[3] mean values are simple averages, not weighted by size of respondents

Banking Products & Services[4]

9. For the banking products that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use? (check appropriate box)

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
Accounts, payments, transfers	97%	3%	0%	23%	77%	65%
Credit products (loans, etc.)	97%	3%	8%	0	100%	76%
Cash management services (including EDI)	100%	0	5%	27%	73%	70%
Financial risk management products	90%	10%	22%	0	100%	76%
Financing products (bankers acceptances, commercial paper, etc.)	97%	3%	13%	0	100%	86%
International trade finance	93%	7%	42%	0	100%	89%

10. For the bank services that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use?

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
General economic/strategic advice	100%	0	13%	12%	88%	75%
Corporate financial management advice	96%	4%	29%	11%	89%	73%
Mergers/acquisitions advice	100%	0	57%	0	100%	78%
Advice on accessing foreign markets	67%	33%	52%	0	100%	73%

4 Due to the nature of their business, not all institutions that responded to the survey were in a position to answer all parts of every question. The percentages given are those of the institutions that replied to the question, followed by the percentage of institutions in the category that were not able to respond to the question.

11. How would you grade Canadian banks in the following areas (*On a scale of 1 to 10 with 1 being poor and 10 being excellent*)?

	Rating
Knowledge of your industry	**7.3**
Knowledge of your company and its needs	**7.5**
Introducing new/innovative products	**6.5**
Financial and other data requirements placed upon you	**7.3**
Timely and efficient transactions	**7.9**
Price competitiveness	**7.3**
Reliability (prepared to continue the relationship during economic downturns and/or market upsets)	**8.2**
Reliability (as a credit risk to you)	**8.6**
Ability to do international transactions	**7.3**
Detailed knowledge of financial markets	**7.9**

Competitiveness of Canadian Banks

12. For your operations outside Canada, how would you rate the ability/willingness of the local banks (ie: banks **based in that country** and operating **in** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in that market?

	Better than Canadian banks	**No real difference**	**Worse than Canadian banks**	**Did not respond to question**
Local Banks in the United States	**53%**	**33%**	**14%**	**43%**
Local Banks in the United Kingdom	**78%**	**11%**	**11%**	**75%**
Local Banks in Japan	**85%**	**15%**	**0%**	**81%**
Local Banks in Continental Europe	**70%**	**11%**	**20%**	**73%**

13. For your operations outside Canada, how would you rate the ability/willingness of international banks (i.e.: banks operating **outside** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in the same market?

	Better than Canadian banks	**No real difference**	**Worse than Canadian banks**	**Did not respond to question**
International Banks from United States	**48%**	**41%**	**11%**	**54%**
International Banks from the United Kingdom	**11%**	**67%**	**22%**	**76%**
International Banks from Japan	**11%**	**39%**	**50%**	**73%**
International Banks from Continental Europe	**10%**	**60%**	**30%**	**73%**

14. What is your overall evaluation of foreign owned banks operating in Canada?

better than Canadian banks: **7%**
no real difference: **33%**
worse than Canadian banks: **60%**
did not respond: **28%**

Banking Relationships and Size

15. The impact of size on the ability of a bank to be competitive may differ depending on the product group. For each of the following groups, please identify your views by marking A, B, C, or D.

A: The overall size of the bank is the most important element in providing your company with a competitive product,

B: Regardless of the overall size of the bank, having a critical mass in this specific product area is the most important element in providing your company with a competitive product,

C: Specialized knowledge or expertise, unrelated to size or critical mass is the most important element in providing your company with a competitive product,

D: Size is a negative element in providing a competitive product.

	Impact of Size				
	A	B	C	D	DNR[5]
Accounts, payments, transfers	20%	54%	26%		6%
Credit products (loans, etc.)	31%	34%	31%	4%	13%
Cash management services	9%	57%	34%		11%
Financial risk management products	6%	35%	59%		14%
Funding products (bankers acceptances, commercial paper etc.)	33%	51%	16%		10%
International trade finance	7%	20%	73%		30%
General economic/strategic advice	6%	6%	85%	3%	9%
Corporate financial management advice	34%	10%	87%		16%
Mergers/acquisitions advice	4%	15%	77%	4%	30%
Advice on accessing foreign markets	3%	7%	83%	3%	19%

[5] DNR: did not respond

16. Do you think that Canadian banks would better address the needs of your company:

a) if they were allowed to merge amongst themselves?

yes	**27%**
no	**73%**

b) if they were allowed to merge with foreign banks?

yes	**56%**
no	**44%**

17. Are Canadian banks too big already?

yes	**14%**
no	**86%**

Table 2
Corporate Banking Relationships: Smaller Corporations[6]

General Company Information[7]

1. What is the approximate annual revenue of your company? **$ 0.35 billion**
2. What percent of your annual revenue originates from operations outside Canada? **10%**
3. In how many countries (other than Canada) do you have operations?

a) production	**1**
b) Directly owned sales/distribution	**1**
c) Sales/distribution through intermediaries	**2**

Banking Relationships

4. How many banks do you deal with on a regular basis?	1	**9%**
	2-4	**82%**
	more than 4	**9%**
5. If 2 or more, approximately what percentage of your overall corporate business goes to your lead bank?	less than 50%	**9%**
	50-75%	**46%**
	more than 75%	**36%**
6. Do you do business in Canada with a Schedule 2 (foreign owned) bank?	yes	**18%**
	no	**82%**
7. Do you do significant business with banks located outside Canada?	Yes	**18%**
	no	**82%**
8. Do you consider a non-Canadian owned bank (either Schedule 2 or located outside Canada) to be your lead bank?	Yes	**0%**
	no	**100%**

[6] 11 responses
[7] mean values are simple averages, not weighted by size of respondents

Banking Products & Services[8]

9. For the banking products that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use? (check appropriate box)

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did Not Respond	Canadian	Foreign	Did Not Respond
Accounts, payments, transfers	100%	0%	0%	0%	100%	91%
Credit products (loans, etc.)	91%	9%	0%	0%	100%	91%
Cash management services (including EDI)	100%	0%	9%	0%	100%	91%
Financial risk management products	86%	14%	36%	0%	100%	91%
Financing products (bankers acceptances, commercial paper, etc.)	100%	0%	18%	0%	100%	91%
International trade finance	100%	0%	45%	0%	100%	91%

10. For the bank services that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use?

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did Not Respond	Canadian	Foreign	Did not Respond
General economic/strategic advice	100%	0%	27%	0%	0%	100%
Corporate financial management advice	100%	0%	54%	0%	0%	100%
Mergers/acquisitions advice	100%	0%	73%	0%	0%	100%
Advice on accessing foreign markets	100%	0%	64%	0%	0%	100%

[8] Due to the nature of their business, not all institutions that responded to the survey were in a position to answer all parts of every question. The percentages given are those of the institutions that replied to the question, followed by the percentage of institutions in the category that were not able to respond to the question.

11. How would you grade Canadian banks in the following areas (On a scale of 1 to 10 *with 1 being poor and 10 being excellent*)?

	Rating
Knowledge of your industry	**6.5**
Knowledge of your company and its needs	**7.3**
Introducing new/innovative products	**5.8**
Financial and other data requirements placed upon you	**7.3**
Timely and efficient transactions	**7.9**
Price competitiveness	**6.5**
Reliability (prepared to continue the relationship during economic downturns and/or market upsets)	**8.4**
Reliability (as a credit risk to you)	**8.7**
Ability to do international transactions	**8.1**
Detailed knowledge of financial markets	**8.1**

Competitiveness of Canadian Banks

12. For your operations outside Canada, how would you rate the ability/willingness of the local banks (ie: banks **based in that country** and operating **in** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in that market?

	Better than Canadian banks	**No real difference**	**Worse than Canadian banks**	**Did not respond to question**
Local Banks in the United States	**40%**	**20%**	**40%**	**55%**
Local Banks in the United Kingdom	**0%**	**0%**	**0%**	**100%**
Local Banks in Japan	**0%**	**0%**	**0%**	**100%**
Local Banks in Continental Europe	**100%**	**0%**	**0%**	**91%**

13. For your operations outside Canada, how would you rate the ability/willingness of international banks (i.e.: banks operating **outside** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in the same market?

	Better than Canadian banks	**No real difference**	**Worse than Canadian banks**	**Did not respond to question**
International Banks from United States	**0**	**33%**	**67%**	**73%**
International Banks from the United Kingdom	**0**	**0**	**0**	**100%**
International Banks from Japan	**0**	**50%**	**50%**	**82%**
International Banks from Continental Europe	**0**	**0**	**0**	**100%**

14. What is your overall evaluation of foreign owned banks operating in Canada?

better than Canadian banks: **7%**
no real difference: **17%**
worse than Canadian banks: **66%**
did not respond: **46%**

Banking Relationships and Size

15. The impact of size on the ability of a bank to be competitive may differ depending on the product group. For each of the following groups, please identify your views by marking A, B, C, or D.

A: The overall size of the bank is the most important element in providing your company with a competitive product,

B: Regardless of the overall size of the bank, having a critical mass in this specific product area is the most important element in providing your company with a competitive product,

C: Specialized knowledge or expertise, unrelated to size or critical mass is the most important element in providing your company with a competitive product,

D: Size is a negative element in providing a competitive product.

	Impact of Size				
	A	B	C	D	DNR[9]
Accounts, payments, transfers	20%	20%	60%		9%
Credit products (loans, etc.)	20%	20%	50%	10%	9%
Cash management services	30%	40%	30%		10%
Financial risk management products	25%	25%	50%		28%
Funding products (bankers acceptances, commercial paper etc.)	44%	33%	22%		19%
International trade finance		14%	86%		36%
General economic/strategic advice			100%		27%
Corporate financial management advice			100%		54%
Mergers/acquisitions advice	20%	20%	60%		54%
Advice on accessing foreign markets			100%		45%

[9] DNR: did not respond

16. Do you think that Canadian banks would better address the needs of your company:

a) if they were allowed to merge amongst themselves?	yes	**18%**
	no	**82%**
b) if they were allowed to merge with foreign banks?	yes	**36%**
	no	**64%**

17. Are Canadian banks too big already?

	yes	**36%**
	no	**64%**

Table 3
Corporate Banking Relationships: Medium-Sized Corporations[10]

General Company Information[11]

1. What is the approximate annual revenue of your company? **$ 1.5 billion**
2. What percent of your annual revenue originates from operations outside Canada? **25%**
3. In how many countries (other than Canada) do you have operations?
   - a) production **3**
   - b) Directly owned sales/distribution **4**
   - c) Sales/distribution through intermediaries **3**

Banking Relationships

4. How many banks do you deal with on a regular basis?	1	**6%**
	2-4	**35%**
	more than 4	**59%**
5. If 2 or more, approximately what percentage of your overall corporate business goes to your lead bank?	less than 50%	**47%**
	50-75%	**24%**
	more than 75%	**24%**
6. Do you do business in Canada with a Schedule 2 (foreign owned) bank?	Yes	**77%**
	No	**23%**
7. Do you do significant business with banks located outside Canada?	Yes	**41%**
	No	**59%**
8. Do you consider a Non-Canadian owned bank (either Schedule 2 or located outside Canada) to be your lead bank?	Yes	**0%**
	No	**100%**

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[10] 17 responses
[11] mean values are simple averages, not weighted by size of respondents

Banking Products & Services[12]

9. For the banking products that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use? (check appropriate box)

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
Accounts, payments, transfers	100%	0%	0%	15%	85%	59%
Credit products (loans, etc.)	100%	0%	18%	0%	100%	76%
Cash management services (including EDI)	100%	0%	0%	15%	85%	59%
Financial risk management products	93%	7%	17%	0%	100%	76%
Financing products (bankers acceptances, commercial paper, etc.)	93%	7%	17%	0%	100%	76%
International trade finance	89%	11%	47%	0%	0%	100%

10. For the bank services that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use?

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
General economic/strategic advice	100%	0%	0%	20%	80%	70%
Corporate financial management advice	100%	0%	23%	20%	80%	70%
Mergers/acquisitions advice	100%	0%	59%	0%	100%	76%
Advice on accessing foreign markets	81%	19%	53%	0%	100%	65%

[12] Due to the nature of their business, not all institutions that responded to the survey were in a position to answer all parts of every question. The percentages given are those of the institutions that replied to the question, followed by the percentage of institutions in the category that were not able to respond to the question.

11. How would you grade Canadian banks in the following areas (*On a scale of 1 to 10 with 1 being poor and 10 being excellent*)?

	Rating
Knowledge of your industry	7.9
Knowledge of your company and its needs	7.7
Introducing new/innovative products	6.9
Financial and other data requirements placed upon you	7.5
Timely and efficient transactions	8.2
Price competitiveness	7.5
Reliability (prepared to continue the relationship during economic downturns and/or market upsets)	8.4
Reliability (as a credit risk to you)	8.8
Ability to do international transactions	7.1
Detailed knowledge of financial markets	7.8

Competitiveness of Canadian Banks

12. For your operations outside Canada, how would you rate the ability/willingness of the local banks (ie: banks **based in that country** and operating **in** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in that market?

	Better than Canadian banks	No real difference	Worse than Canadian banks	Did not respond to question
Local Banks in the United States	74%	13%	13%	53%
Local Banks in the United Kingdom	100%	0%	0%	74%
Local Banks in Japan	100%	0%	0%	82%
Local Banks in Continental Europe	75%	0%	25%	76%

13. For your operations outside Canada, how would you rate the ability/willingness of international banks (i.e.: banks operating **outside** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in the same market?

	Better than Canadian banks	**No real difference**	**Worse than Canadian banks**	**Did not respond to question**
International Banks from United States	**57%**	**43%**	**0%**	**58%**
International Banks from the United Kingdom	**25%**	**75%**	**0%**	**76%**
International Banks from Japan	**25%**	**50%**	**25%**	**76%**
International Banks from Continental Europe	**20%**	**60%**	**20%**	**70%**

14. What is your overall evaluation of foreign owned banks operating in Canada?

better than Canadian banks: **7%**
no real difference: **50%**
worse than Canadian banks: **43%**
did not respond: **18%**

Banking Relationships and Size

15. The impact of size on the ability of a bank to be competitive may differ depending on the product group. For each of the following groups, please identify your views by marking A, B, C, or D.

A: The overall size of the bank is the most important element in providing your company with a competitive product,

B: Regardless of the overall size of the bank, having a critical mass in this specific product area is the most important element in providing your company with a competitive product,

C: Specialized knowledge or expertise, unrelated to size or critical mass is the most important element in providing your company with a competitive product,

D: Size is a negative element in providing a competitive product.

	Impact of Size				
	A	B	C	D	DNR[13]
Accounts, payments, transfers	18%	77%	6%		0%
Credit products (loans, etc.)	29%	42%	29%		17%
Cash management services		73%	27%		11%
Financial risk management products		41%	59%		14%
Funding products (bankers acceptances, commercial paper etc.)	25%	62%	13%		5%
International trade finance			100%		35%
General economic/strategic advice	6%	12%	77%	6%	0%
Corporate financial management advice	6%	12%	82%		0%
Mergers/acquisitions advice		15%	77%	8%	24%
Advice on accessing foreign markets	7%		80%	7%	12%

[13] DNR: did not respond

16. Do you think that Canadian banks would better address the needs of your company:

a) if they were allowed to merge amongst themselves?	yes	**29%**
	no	**71%**
b) if they were allowed to merge with foreign banks?	yes	**53%**
	no	**47%**

17. Are Canadian banks too big already?	yes	**6%**
	no	**94%**

Table 4
Corporate Banking Relationships: Larger Corporations[14]

General Company Information[15]

1. What is the approximate annual revenue of your company? **$ 9 billion**

2. What percent of your annual revenue originates from operations outside Canada? **40%**

3. In how many countries (other than Canada) do you have operations?

a) production	**3**
b) Directly owned sales/distribution	**6**
c) Sales/distribution through intermediaries	**16**

Banking Relationships

4. How many banks do you deal with on a regular basis?	1	**0%**
	2-4	**11%**
	more than 4	**89%**
5. If 2 or more, approximately what percentage of your overall corporate business goes to your lead bank?	Less than 50%	**67%**
	50-75%	**11%**
	more than75%	**0%**
6. Do you do business in Canada with a Schedule 2 (foreign owned) bank?	yes	**100%**
	no	**0%**
7. Do you do significant business with banks located outside Canada?	yes	**78%**
	no	**22%**
8. Do you consider a non-Canadian owned bank (either Schedule 2 or located outside Canada) to be your lead bank?	yes	**0%**
	no	**100%**

[14] 9 responses
[15] mean values are simple averages, not weighted by size of respondents

Banking Products & Services[16]

9. For the banking products that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use? (check appropriate box)

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
Accounts, payments, transfers	89%	11%	0%	40%	60%	45%
Credit products (loans, etc.)	100%	0%	0%	0%	100%	56%
Cash management services (including EDI)	100%	0%	11%	67%	33%	66%
Financial risk management products	88%	12%	11%	0%	100%	56%
Financing products (bankers acceptances, commercial paper, etc.)	100%	0%	0%	0%	0%	100%
International trade finance	100%	0%	33%	0%	100%	66%

10. For the bank services that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use?

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
General economic/strategic advice	100%	0%	22%	0%	100%	44%
Corporate financial management advice	88%	12%	11%	0%	100%	56%
Mergers/acquisitions advice	100%	0%	33%	0%	100%	44%
Advice on accessing foreign markets	33%	67%	34%	0%	100%	44%

16 Due to the nature of their business, not all institutions that responded to the survey were in a position to answer all parts of every question. The percentages given are those of the institutions that replied to the question, followed by the percentage of institutions in the category that were not able to respond to the question.

11. How would you grade Canadian banks in the following areas(*On a scale of 1 to 10 with 1 being poor and 10 being excellent*)?

	Rating
Knowledge of your industry	7.2
Knowledge of your company and its needs	7.2
Introducing new/innovative products	6.3
Financial and other data requirements placed upon you	7.0
Timely and efficient transactions	7.5
Price competitiveness	8.1
Reliability (prepared to continue the relationship during economic downturns and/or market upsets)	7.7
Reliability (as a credit risk to you)	8.2
Ability to do international transactions	7.0
Detailed knowledge of financial markets	7.8

Competitiveness of Canadian Banks

12. For your operations outside Canada, how would you rate the ability/willingness of the local banks (ie: banks **based in that country** and operating **in** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in that market?

	Better than Canadian banks	No real difference	Worse than Canadian banks	Did not respond to question
Local Banks in the United States	37%	63%	0%	11%
Local Banks in the United Kingdom	60%	20%	20%	45%
Local Banks in Japan	75%	25%	0%	56%
Local Banks in Continental Europe	60%	20%	20%	45%

13. For your operations outside Canada, how would you rate the ability/willingness of international banks (i.e.: banks operating **outside** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in the same market?

	Better than Canadian banks	**No real difference**	**Worse than Canadian banks**	**Did not respond to question**
International Banks from United States	57%	43%	0%	23%
International Banks from the United Kingdom	0%	60%	40%	45%
International Banks from Japan	0%	25%	75%	56%
International Banks from Continental Europe	0%	60%	40%	45%

14. What is your overall evaluation of foreign owned banks operating in Canada?

better than Canadian banks: **0%**
no real difference: **14%**
worse than Canadian banks: **86%**
did not respond: **22%**

Banking Relationships and Size

15. The impact of size on the ability of a bank to be competitive may differ depending on the product group. For each of the following groups, please identify your views by marking A, B, C, or D.

A: The overall size of the bank is the most important element in providing your company with a competitive product,

B: Regardless of the overall size of the bank, having a critical mass in this specific product area is the most important element in providing your company with a competitive product,

C: Specialized knowledge or expertise, unrelated to size or critical mass is the most important element in providing your company with a competitive product,

D: Size is a negative element in providing a competitive product.

	Impact of Size				
	A	B	C	D	DNR[17]
Accounts, payments, transfers	25%	50%	25%		12%
Credit products (loans, etc.)	58%	42%			23%
Cash management services		50%	50%		12%
Financial risk management products		25%	75%		0%
Funding products (bankers acceptances, commercial paper etc.)	39%	50%	11%		12%
International trade finance	25%	50%	25%		12%
General economic/strategic advice	11%		89%		0%
Corporate financial management advice		11%	89%		0%
Mergers/acquisitions advice		13%	87%		11%
Advice on accessing foreign markets		22%	78%		0%

[17] DNR: did not respond

16. Do you think that Canadian banks would better address the needs of your company:

a) if they were allowed to merge amongst themselves?

	yes	**33%**
	no	**67%**

b) if they were allowed to merge with foreign banks?

	yes	**88%**
	no	**11%**

17. Are Canadian banks too big already?

	yes	**0%**
	no	**100%**

Table 5
Corporate Banking Relationships: Responses of Subsidiaries[18]

General Company Information[19]

1. What is the approximate annual revenue of your company? **$ 3.0 billion**
2. What percent of your annual revenue originates from operations outside Canada? **23.4%**
3. In how many countries (other than Canada) do you have operations?
   - a) production **1.3**
   - b) Directly owned sales/distribution **1.3**
   - c) Sales/distribution through intermediaries **2.9**

Banking Relationships

4. How many banks do you deal with on a regular basis?	1	**0%**
	2-4	**80%**
	more than 4	**20%**
5. If 2 or more, approximately what percentage of your overall corporate business goes to your lead bank?	Less than 50%	**10%**
	50-75%	**50%**
	more than 75%	**30%**
6. Do you do business in Canada with a Schedule 2 (foreign owned) bank?	yes	**50%**
	no	**50%**
7. Do you do significant business with banks located outside Canada?	Yes	**40%**
	No	**60%**
8. Do you consider a non-Canadian owned bank (either Schedule 2 or located outside Canada) to be your lead bank?	Yes	**0%**
	No	**100%**

[18] There were 10 respondents that are the Canadian subsidiaries of foreign based companies
[19] mean values are simple averages, not weighted by size of respondents

Banking Products & Services[20]

9. For the banking products that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use? (check appropriate box)

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
Accounts, payments, transfers	100%	0%	0%	50%	50%	80%
Credit products (loans, etc.)	90%	10%	0%	0%	100%	90%
Cash management services (including EDI)	100%	0%	10%	33%	66%	70%
Financial risk management products	88%	12%	20%	0%	100%	70%
Financing products (bankers acceptances, commercial paper, etc.)	100%	0%	30%	0%	0%	90%
International trade finance	100%	0%	50%	0%	100%	90%

10. For the bank services that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use?

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
General economic/strategic advice	100%	0%	10%	13%	87%	74%
Corporate financial management advice	100%	0%	40%	0%	100%	80%
Mergers/acquisitions advice	100%	0%	70%	0%	100%	90%
Advice on accessing foreign markets	100%	0%	70%	0%	100%	70%

[20] Due to the nature of their business, not all institutions that responded to the survey were in a position to answer all parts of every question. The percentages given are those of the institutions that replied to the question, followed by the percentage of institutions in the category that were not able to respond to the question.

11. How would you grade Canadian banks in the following areas (*On a scale of 1 to 10 with 1 being poor and 10 being excellent*)?

	Rating
Knowledge of your industry	6.9
Knowledge of your company and its needs	7.3
Introducing new/innovative products	7.1
Financial and other data requirements placed upon you	7.4
Timely and efficient transactions	8.1
Price competitiveness	7.1
Reliability (prepared to continue the relationship during economic downturns and/or market upsets)	8.4
Reliability (as a credit risk to you)	9.2
Ability to do international transactions	7.8
Detailed knowledge of financial markets	8.1

Competitiveness of Canadian Banks

12. For your operations outside Canada, how would you rate the ability/willingness of the local banks (ie: banks **based in that country** and operating **in** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in that market?

	Better than Canadian banks	No real difference	Worse than Canadian banks	Did not respond to question
Local Banks in the United States	25%	50%	25%	60%
Local Banks in the United Kingdom	0%	0%	0%	100%
Local Banks in Japan	0%	0%	0%	100%
Local Banks in Continental Europe	0%	0%	0%	100%

13. For your operations outside Canada, how would you rate the ability/willingness of international banks (i.e.: banks operating **outside** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in the same market?

	Better than Canadian banks	**No real difference**	**Worse than Canadian banks**	**Did not respond to question**
International Banks from United States	67%	33%	0%	70%
International Banks from the United Kingdom	0%	0%	0%	100%
International Banks from Japan	0%	100%	0%	90%
International Banks from Continental Europe				100%

14. What is your overall evaluation of foreign owned banks operating in Canada?

better than Canadian banks: **11%**
no real difference: **11%**
worse than Canadian banks: **78%**
did not respond : **30%**

Banking Relationships and Size

15. The impact of size on the ability of a bank to be competitive may differ depending on the product group. For each of the following groups, please identify your views by marking A, B, C, or D.

A: The overall size of the bank is the most important element in providing your company with a competitive product,

B: Regardless of the overall size of the bank, having a critical mass in this specific product area is the most important element in providing your company with a competitive product,

C: Specialized knowledge or expertise, unrelated to size or critical mass is the most important element in providing your company with a competitive product,

D: Size is a negative element in providing a competitive product.

	Impact of Size				
	A	B	C	D	DNR[21]
Accounts, payments, transfers	11%	55%	33%		10%
Credit products (loans, etc.)	22%	22%	44%	11%	10%
Cash management services	25%	50%	25%		20%
Financial risk management products	12%	38%	50%		20%
Funding products (bankers acceptances, commercial paper etc.)	38%	38%	24%		20%
International trade finance	14%		86%		30%
General economic/strategic advice			100%		0%
Corporate financial management advice			100%		0%
Mergers/acquisitions advice			75%	25%	0%
Advice on accessing foreign markets			86%	14%	30%

[21] DNR: did not respond

16. Do you think that Canadian banks would better address the needs of your company:

a) if they were allowed to merge amongst themselves?

yes	**20%**
no	**80%**

b) if they were allowed to merge with foreign banks?

yes	**50%**
no	**50%**

17. Are Canadian banks too big already?

yes	**20%**
no	**80%**

Table 6
Corporate Banking Relationships: Responses of Canadian Owned Corporations[22]

General Company Information[23]

1. What is the approximate annual revenue of your company? **$ 3.7 billion**
2. What percent of your annual revenue originates from operations outside Canada? **25.7%**
3. In how many countries (other than Canada) do you have operations?

a) production	**2.9**
b) Directly owned sales/distribution	**4.1**
c) Sales/distribution through intermediaries	**6.9**

Banking Relationships

4. How many banks do you deal with on a regular basis?	1	**7.4%**
	2-4	**29.6%**
	more than 4	**63.0%**
5. If 2 or more, approximately what percentage of your overall corporate business goes to your lead bank?	less than 50%	**51.9%**
	50-75%	**18.5%**
	more than 75%	**18.5%**
6. Do you do business in Canada with a Schedule 2 (foreign owned) bank?	yes	**70.4%**
	no	**29.6%**
7. Do you do significant business with banks located outside Canada?	Yes	**44.4%**
	no	**55.6%**
8. Do you consider a non-Canadian owned bank (either Schedule 2 or located outside Canada) to be your lead bank?	Yes	**0%**
	No	**100%**

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[22] There were 27 respondents that are Canadian corporations
[23] mean values are simple averages, not weighted by size of respondents

Banking Products & Services[24]

9. For the banking products that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use? (check appropriate box)

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
Accounts, payments, transfers	96%	4%	0%	17%	83%	60%
Credit products (loans, etc.)	100%	0%	11%	0%	100%	70%
Cash management services (including EDI)	100%	0%	4%	24%	76%	71%
Financial risk management products	91%	9%	23%	0%	100%	78%
Financing products (bankers acceptances, commercial paper, etc.)	96%	4%	8%	0%	100%	85%
International trade finance	93%	7%	40%	0%	100%	89%

10. For the bank services that the Canadian operations of your company uses on a regular basis, which type of bank do you primarily use?

	Banks in Canada			Banks outside Canada		
	Domestic	Schedule 2	Did not Respond	Canadian	Foreign	Did not Respond
General economic/strategic advice	100%	0%	0%	15%	85%	74%
Corporate financial management advice	70%	30%	26%	13%	87%	70%
Mergers/acquisitions advice	100%	0%	52%	0%	100%	74%
Advice on accessing foreign markets	60%	40%	44%	0%	100%	74%

[24] Due to the nature of their business, not all institutions that responded to the survey were in a position to answer all parts of every question. The percentages given are those of the institutions that replied to the question, followed by the percentage of institutions in the category that were not able to respond to the question.

11. How would you grade Canadian banks in the following areas (*On a scale of 1 to 10 with 1 being poor and 10 being excellent*)?

	Rating
Knowledge of your industry	7.4
Knowledge of your company and its needs	7.5
Introducing new/innovative products	6.2
Financial and other data requirements placed upon you	7.3
Timely and efficient transactions	7.9
Price competitiveness	7.4
Reliability (prepared to continue the relationship during economic downturns and/or market upsets)	8.1
Reliability (as a credit risk to you)	8.4
Ability to do international transactions	7.2
Detailed knowledge of financial markets	7.9

Competitiveness of Canadian Banks

12. For your operations outside Canada, how would you rate the ability/willingness of the local banks (ie: banks **based in that country** and operating **in** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in that market?

	Better than Canadian banks	No real difference	Worse than Canadian banks	did not respond to question
Local Banks in the United States	59%	29%	12%	37%
Local Banks in the United Kingdom	78%	11%	11%	67%
Local Banks in Japan	85%	15%	0%	74%
Local Banks in Continental Europe	70%	10%	20%	63%

13. For your operations outside Canada, how would you rate the ability/willingness of international banks (i.e.: banks operating **outside** their home market) to provide products and banking services to a Canadian company, compared to Canadian banks operating in the same market?

	Better than Canadian banks	**No real difference**	**Worse than Canadian banks**	**Did not respond to question**
International Banks from United States	43%	43%	14%	48%
International Banks from the United Kingdom	11%	67%	22%	67%
International Banks from Japan	11%	33%	55%	67%
International Banks from Continental Europe	10%	60%	30%	63%

14. What is your overall evaluation of foreign owned banks operating in Canada?

better than Canadian banks 5%
no real difference: 40%
worse than Canadian banks: 75%
did not respond: 25%

Banking Relationships and Size

15. The impact of size on the ability of a bank to be competitive may differ depending on the product group. For each of the following groups, please identify your views by marking A, B, C, or D.

A: The overall size of the bank is the most important element in providing your company with a competitive product,

B: Regardless of the overall size of the bank, having a critical mass in this specific product area is the most important element in providing your company with a competitive product,

C: Specialized knowledge or expertise, unrelated to size or critical mass is the most important element in providing your company with a competitive product,

D: Size is a negative element in providing a competitive product.

	Impact of Size				
	A	B	C	D	DNR[25]
Accounts, payments, transfers	23%	54%	23%		4%
Credit products (loans, etc.)	35%	39%	26%		15%
Cash management services	4%	60%	36%		7%
Financial risk management products	4%	33%	62%		11%
Funding products (bankers acceptances, commercial paper etc.)	32%	56%	12%		7%
International trade finance	5%	26%	69%		30%
General economic/strategic advice	8%	8%	79%	4%	11%
Corporate financial management advice	4%	12%	83%		11%
Mergers/acquisitions advice	5%	18%	77%		18%
Advice on accessing foreign markets	4%	9%	83%		15%

[25] DNR: did not respond

16. Do you think that Canadian banks would better address the needs of your company:

a) if they were allowed to merge amongst themselves? yes **29.6%** no **70.4%**

b) if they were allowed to merge with foreign banks? yes **55.6%** no **40.7%**

17. Are Canadian banks too big already? yes **11.1%** no **85.2%**